



MAGIC VALLEY

BLAINE, CAMAS, CASSIA, GOODING, JEROME, LINCOLN, MINIDOKA, & TWIN FALLS COUNTIES

EMPLOYMENT TRENDS

The seasonally adjusted unemployment rate for the Magic Valley Labor Market Area was 3.9 percent in October 2002. This was one-tenth of a percentage point higher than September 2002, but four-tenths of a percentage point lower than October 2001. The *Civilian Labor Force* was 1.5 percent higher year-over-year.

Some improvement in *Nonfarm Payroll Jobs* has taken place over the last month. September 2002 data showed that *Nonfarm Payroll Jobs* were 6.9 percent lower than a year previously, however October 2002 shows only a 1.5 percent decrease from the year before. The sectors that showed increases were *Manufacturing-Durable Goods*, *Manufacturing-Other Durable Goods*, *Transportation, Communications, & Utilities*, and *Government-Administration* increases of 3.6, 1.0, 3.8, and 2.7 percent, respectively. Sectors that continued to lose jobs were *Retail Trade*, *Services*, and *Government-Education* with decreases of 2.4, 4.7, and 2.4 percent, respectively.

October 2002 was the first month in nearly six months to show percentage improvement in *Nonfarm Payroll Jobs*. Much of this can be attributable to strong holiday hiring. Also, consumer confidence has remained high in the western Magic Valley and retailers seem to be doing well. Consequently, the Magic Valley economy continues to outperform most of the rest of the state. The Magic Valley LMA is second only to Bonneville LMA in low unemployment and, by comparison, the Magic Valley economy appears to be the most robust in Idaho. When the national and state-wide recessions turn around, South Central Idaho will be poised to lead the state out of the economic doldrums.

SPECIAL TOPIC

2002 Agricultural Overview

Overall, the 2002 agricultural year was positive in South Central Idaho. The

Magic Valley Table 1: Labor Force & Employment
Twin Falls, Jerome, and Gooding Counties

	Oct 2002*	Sept 2002	Oct 2001	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	49,330	49,210	48,590	0.2	1.5
Unemployment	1,900	1,870	2,090	1.6	-9.1
% of Labor Force Unemployed	3.9	3.8	4.3		
Total Employment	47,430	47,340	46,500	0.2	2.0
Unadjusted					
Civilian Labor Force	50,060	50,400	49,250	-0.7	1.6
Unemployment	1,590	1,550	1,730	2.6	-8.1
% of Labor Force Unemployed	3.2	3.1	3.5		
Total Employment	48,470	48,850	47,520	-0.8	2.0
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs**	39,030	39,540	39,590	-1.3	-1.4
Goods-Producing Industries	7,130	7,660	7,110	-6.9	0.3
Mining & Construction	1,890	2,030	1,890	-6.9	0.0
Manufacturing	5,240	5,630	5,220	-6.9	0.4
Durable Goods	860	910	830	-5.5	3.6
Nondurable Goods	4,380	4,720	4,390	-7.2	-0.2
Food Processing	3,390	3,720	3,410	-8.9	-0.6
All Other Nondurable Goods	990	1,000	980	-1.0	1.0
Service-Producing Industries	31,900	31,790	32,480	0.3	-1.8
Transportation, Comm., & Utilities	2,750	2,780	2,650	-1.1	3.8
Wholesale Trade	2,260	2,290	2,250	-1.3	0.4
Retail Trade	8,020	8,050	8,220	-0.4	-2.4
Finance, Insurance, & Real Estate	1,290	1,290	1,290	0.0	0.0
Services	10,160	10,130	10,660	0.3	-4.7
Government Administration	3,820	3,830	3,720	-0.3	2.7
Government Education	3,600	3,420	3,690	5.3	-2.4

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

year began with serious water concerns, as reservoir carryover was extremely low. In late 2001, heavy storms dumped large amounts of snow and helped alleviate concerns. Although the water year tapered off after the beginning of 2002, the water supply was adequate for the crop year.

Dry bean production was up considerably from 2001 because the market was more stable than in the past five years and farmers could plant beans with reasonable profit expectations. Production was up approximately 30 percent in South Central Idaho, and yields were estimated at 2,000 pounds (20 sacks) per acre, up about 50 pounds per acre over 2001. Production of alfalfa hay was up more than 10 percent over 2001 as dairy demand remained strong for feed products. Statewide, the estimated alfalfa production was 4.88 million tons, up 12 percent over 2001, and the largest production level on record for Idaho. Harvested acreage was also at a record high of 1.25 million acres. Sugar beet production was also up this year, although yields were down slightly from last year. A spring freeze in

the Mini-Cassia area caused many farmers to replant sugar beets and this typically reduces yield. However, yields in the Mini-Cassia area were close to normal and the quality remained good. Potato prices were much higher than expected on the open market. However, the potato farmers endured a severe blow when the J. R. Simplot Company in Heyburn reduced contracts and then later said it would be closing its Heyburn plant in April 2004. Although the crop was excellent and prices were good overall, farmers all over South Central Idaho now have to cope with the challenge that there will not be as many potato contracts in the future and they may have to grow alternative crops such as wheat and barley instead of potatoes.

The dairy industry remained stable and strong in 2002 despite some reduction in milk prices. Dairy milk production in Idaho was up approximately 4.7 percent in August 2002 with 713 million pounds. Milk production per cow was 1,820 pounds in August 2002, which was 20 pounds per cow less than August 2001. At one time this year, Idaho moved past Minnesota to become the fifth largest dairy producing state in the United States. However, the beef industry did not have as robust a year as the dairy industry did in 2002. Feeder cattle were down 10 percent in August 2002, totaling 275,000 head.

The outlook for 2003 is somewhat uncertain. The water carryover from 2002 is extremely low and good moisture is needed this winter to ensure adequate crops. Demand for dry beans, wheat, barley, hay, and sugar beets should remain fairly strong and prices will probably be comparable to previous years. The outlook for potatoes is going to be uncertain in South Central Idaho. The proposed closure of the J. R. Simplot Plant in Heyburn will adversely impact potato contracts. The company has not announced yet how or whether it will be contracting. This affects nearly 24,000 acres of potatoes throughout many Idaho counties. Therefore, farmers will have to decide whether they will try to contract potatoes or even grow potatoes at all. This depends on the open market potatoes, which were unusually strong in 2002, but could be affected by oversupply. The dairy situation in the Magic Valley should remain fairly stable. One of the big questions in 2003 is how the dairy industry will expand in the Mini-Cassia area. It is probable that some new Confined Animal Feeding Operations (CAFO's) will be started in Mini-Cassia, however, new legislation and environmental concerns could slow growth in that industry and it is uncertain how much expansion will take place. The western Magic Valley will probably see stabilization of the dairy industry, but not the tremendous growth of the last decade. Jobs will probably be available in that sector but due more to attrition rather than new job creation. Cheese factories are very supply-dependent and large increases in CAFO's are not expected in Twin Falls, Jerome, or Gooding Counties and

this will probably preclude significant new job growth in the industry. The outlook for beef, lamb and sheep, hogs, etc. will probably be similar to 2002 with somewhat disappointing prices. The outlook for trout production, a huge industry in South Central Idaho, remains closely tied to the state and national economies. Seafood and fish demand are cyclical, also tied to the economy because people tend to purchase these products as luxury items. If discretionary income is less, people typically change to buying less expensive products, so the outlook for aquaculture is uncertain and will be affected by national trends. As always, agriculture remains an extremely important sector in South Central Idaho and farmers in this area will continue to be some of the top producers in Idaho and the United States.

AREA DEVELOPMENTS

Twin Falls County

- The new Walgreens Pharmacy opened the week of November 15. The company has hired approximately 40 new employees; approximately 15 are pharmacy workers.

Blaine, Camas, Gooding, Jerome, and Lincoln Counties

- The Sun Valley Company opened several ski runs November 26, two days early for the 2002-2003 ski season. Excellent early snows, cold weather, and successful snow-making contributed to the early opening, which will help the Sun Valley economy get off to an excellent start for 2003.

Cassia and Minidoka Counties

- The Mini-Cassia Job Service, the Mini-Cassia Chamber of Commerce, the Mini-Cassia Development Commission, and Senator Dean Cameron helped sponsor a Job and Career Fair at the Best Western Burley Inn. The event was considered a tremendous success with over forty entrants; approximately two-thirds were employers looking for workers. All three Idaho universities and the College of Southern Idaho were represented, as well as the U.S. Armed Forces. Over 500 people came to the Job Fair. Employers and service providers were able to make many connections, and several prospective employees filled out applications. The Best Western Burley Inn provided its convention center for the event at no cost.

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